

SPECIAL FORECAST AT NOON

Cold wave Wednesday morning
Temperature falling to 10 or lower

TONOPAH DAILY BONANZA

VOL. XVI No. 192

TONOPAH, NEVADA, TUESDAY EVENING, JANUARY 30, 1917

METAL QUOTATIONS	
Gold	76 1/2
Copper	29 3/4
Lead	\$8.00
Silver	\$70.80

PRICE 10 CENTS

OWENYE COUNTY \$290,517.70

Two Mining Companies Alleged to be Delinquent in this Amount

WORSE THAN EVER IN WYOMING
SAY REPORTS TO UNION PACIFIC

(By Associated Press.)

CHEYENNE, Wyo., Jan. 30.—Four inches of new snow and a high wind have again completely blocked the transcontinental traffic on the Union Pacific lines in Wyoming.

Efforts of hundreds of workmen to keep deep cuts clear of snow were futile and officials said the immediate outlook for improvement was bad.

Union Pacific trains were being westward through a heavy storm

early last night, but officials of that road were pessimistic as to lifting the blockade which has gripped the road intermittently for the past six days.

Over a mile stretch from Bosler to Wolcott there was heavy winds and much snow. The snow was reported to be drifting.

Railroad officials said trains two and three days late reached Ogden today. Six westbound trains were

moving and eight were being held at Laramie.

Eight east bound trains waiting at Rawlins; four 24 hours late were at Hanna, and four others, also a day behind, were back of a snow plow at Medicine Bow, but were to start eastward when all the westbound traffic had passed that point.

In view of the high winds, railroad officials feared the blockade would become absolute once more tonight.

A man named Churchill, en route from Twin Falls, Idaho, to New York, alighted when the train stopped and was killed when he stepped directly in the path of a westbound passenger train. He was said to be a member of an advertising firm and survived by a widow and two children.

BARUCH NETTED
\$476,168 ON TIP

(By Associated Press.)

NEW YORK, Jan. 30.—Bernard Baruch, who contributed \$50,000 to the last Democratic campaign, testified that his profits on the market between December 19 and 23 were \$476,168 by selling short. He asserted every cent was due to his foresight in interpreting von Bethmann-Hollweg's and Lloyd George's speeches as meaning that peace was coming. He had no information about the presi-

dent's note. He said he was on the buying side of the market when the note was made public which would not have been the case had he known of the note.

E. F. Hutton, broker, presented a confidential telegram received over the private wires of his firm from Chicago tending to show the brokers knew the day before that the state department was to issue a statement on peace.

HALF A BILLION
YEAR IN STEEL

(By Associated Press.)

NEW YORK, Jan. 30.—The United States Steel corporation declared an extra quarterly dividend of one and three-quarters per cent today, together with the usual disbursement

of one and one-quarter per cent. This brings the total regular and extra dividends for the year to 8 3/4 per cent. Total earnings for the quarter were \$105,968,000, establishing a new high record.

DO NOT APPROVE
THE PRESIDENTS' FOOD SUPPLY IN
LATE PEACE TALK SIGHT IS SHORT

(By Associated Press.)

WASHINGTON, Jan. 30.—Senator Lewis of Illinois, a Democrat, introduced today a resolution expressing it is the sense of the senate that the president's peace speech does not propose abolition of the limitation of the Monroe doctrine or propose military aggression by the United States in foreign lands. He asked that the resolution lie on the table.

Another resolution by Senator McCumber of North Dakota, which was read and laid on the table, declared that while the senate sympathized with efforts to terminate the war, it was unable to agree with the president's proposal for "peace without victory" or specific terms for the United States in joining a world tribunal to enforce peace.

Opening debate on the president's speech, Cummins, Republican, declared to do what the president suggests would involve the United States either in an almost constant world war or a constant rebellion against authority of the world's over-sovereignty the president proposes.

Debate on the president's speech ended abruptly when Cummins' resolution was tabled by a vote of 35 to 20.

DEATH OF A RABBI

(By Associated Press.)

NEW YORK, Jan. 30.—Rabbi Abraham Eleazar, Alperstein, widely known as a Talmud scholar, died here yesterday.

GERMANY ADMITS
FOOD SUPPLY IN
LATE PEACE TALK SIGHT IS SHORTPOTATOES ALONE ARE TWO
MILLION TONS LESS THAN
LAST YEAR

(By Associated Press.)

AMSTERDAM, Jan. 30.—According to the Berlin Vorwaerts, Adolph Batocki, president of the food regulation board, recently indicated that the German food supply for spring was very scanty. Calculating potatoes in the value of wheat, he said there were two million tons less potatoes than last year. This will greatly diminish the yield of animal products. Even turnips can not be used for animal fodder. He said the imports from Rumania could improve conditions only gradually owing to the difficulties of transportation.

WARNING ISSUED
TO ALL AMERICANS

(By Associated Press.)

WASHINGTON, Jan. 30.—A warning to Americans not to take passage in ships armed by enemies of the central powers is expected soon by the state department. Germany claims merchant ships armed ostensibly for defense have attacked submarines.

TODAY AND A YEAR AGO		
	1917	1916
5 a. m.	27	6
9 a. m.	34	8
12 noon	39	11
3 p. m.	39	13
Relative humidity at 2 p. m.		
today, 76 per cent.		

GENEROUS
WESTERN
DONATIONROCKY MOUNTAIN CLUB GIVES
HALF A MILLION TO
BELGIANS

(By Associated Press.)

NEW YORK, Jan. 30.—The Rocky Mountain club of New York has pledged over \$500,000 to the commission for the relief of Belgium. The money was originally subscribed towards a new club home, but John Hays Hammond, the president, said the members decided to postpone building. Herbert C. Hoover, chairman of the relief commission, is a member of the club.

SCULPTOR IS NOT
DYING BUT GOES
ON HONEYMOONEMPHATIC DENIAL THAT SEV-
ENTY YEAR OLD ARTIST
IS ON DEATHBED

(By Associated Press.)

PARIS, Jan. 30.—Auguste Rodin, sculptor, instead of being ill as Paris papers stated yesterday, was married to Mile. Rose Beaux, according to L'Evenement. Rodin is 76. He married the first time when 23. His first wife was his model in the early years of Rodin's struggle for recognition.

PRODUCE ARRIVING

A carload of produce arrived this morning for the Nevada Wholesale Grocery company, which is receiving consignments at the rate of a carload a week or more.

DEATH OF RAILROADER

(By Associated Press.)

ALAMEDA, Jan. 30.—William A. Bissell, assistant traffic manager of the Santa Fe since 1900, died today, aged 69.

GRAND JURY RECOMMENDS COURT
TO APPOINT SPECIAL ATTORNEY
TO COLLECT THE ARREARAGE

The following report of the special accountants engaged by the present grand jury to investigate the conditions of county offices presents a conditions that calls for the closest scrutiny. Every line should be read and digested for the purpose of assimilating the one dominant fact that the leading mining companies of Tonopah for years are alleged to have systematically withheld from Nye county and the state of Nevada moneys that properly and legally belong to the taxpayers.

The report was submitted to Judge Mark R. Averill last night by J. G. Crumley, foreman of the grand jury, with a recommendation that steps be taken to recover the amounts due as set forth in the report. This called for the reimbursement of \$290,517.70, the collection of which should be undertaken at once.

For years the Bonanza has been urging the district attorney's office and every successive grand jury to investigate the payment of bullion taxes. The effort proved fruitless in face of passive opposition, although the facts were arrayed in the most convincing form by advertisement and circulars scattered broadcast so that every taxpayer in Tonopah was advised of the condition.

Accompanying the report are recommendations of the grand jury as follows:

That the sheriff be instructed to collect the full legal amount of taxes referred to in the report.

If any of the companies fail to pay the full amounts on account of future bullion taxes that the sheriff shall proceed under the law to have audited by qualified accountants the books and accounts of said companies, and if any discrepancies are found to exist, to bring criminal proceedings against person or persons making false reports.

Tonopah, Nevada, Jan. 23, 1917.

Mr. J. G. Crumley, Foreman
Nye County Grand Jury,
Tonopah, Nevada.

Dear Sir:—

In accordance with instructions received from the Nye County Grand Jury through yourself as foreman, to make a complete and impartial audit and investigation of the books, accounts and records of the various county officials of Nye county, Nevada, and with further instructions to commence the said work in the office of the sheriff and ex-officio assessor, we beg to advise that shortly after the beginning of this week we discovered what we considered an elaborate attempt on the part of some of the mining companies operating in Nye county, to evade bullion taxes on a gigantic scale and thus withhold and avoid the payment to Nye county of large sums of bullion taxes that were properly and legally payable. By thus evading the payment of these large sums in bullion taxes, these companies have shifted a large part of their proportion of maintaining the county government and its public schools and institutions, onto the shoulders of other taxpayers, thus forcing or imposing on other taxpayers a higher tax rate than would have been necessary if the mining companies had paid the amount of taxes on the net yield of their mines that was contemplated by the law.

Seven Years' Investigation

Feeling that this was a matter of vital importance to the county and its taxpayers citizens, and after being assured that an exhaustive investigation of the bullion tax situation in this county was entirely within the scope of our work, we proceeded to make such investigation covering the years 1909 to 1916 inclusive.

Using the annual published reports to stockholders of the Tonopah Mining Company of Nevada and the Tonopah Belmont Development Company, and in comparing the net proceeds from the mining operations as shown in said published annual reports and represented by dividends paid by these mining companies and large surpluses set aside, with the combined quarterly reports representing the same period, or practically so, we found that glaring discrepancies existed. For example: We find that for the year 1909 the net yield as reported by the Tonopah Mining Company of Nevada in sworn statements to the assessor and upon which said company paid bullion tax, was \$397,358.92. Then by making a recast statement of the said company's published annual reports from said opera-

tions, after eliminating all income other than income from mining operations and after eliminating such expense as could be ascertained from said report to be expense not allowable as a deduction, we found that the said company's net realization from mining operations for the said year was \$1,607,839.06, showing a difference between the sworn statement to the assessor as to net yield and the companies' published annual reports as to net yield in the amount of \$1,210,441.14, which difference at the tax rate for that year shows an apparent shortage in tax paid in the amount of \$41,715.78. We follow this investigation on down the line and find that the said company underpaid their just and legal bullion tax as follows:

1909	\$ 41,715.78
1910	51,990.38
1911	44,347.40
1912	25,895.09
1913	2,013.54
1914	1,371.29
1915	1,507.37
TOTAL	\$168,840.85

It might be well to add here that on August 22nd, 1914, the Tonopah Mining Company of Nevada made an additional payment on account of arrearages in the sum of \$23,497.36 and we find the following explanation:

"Paid additional account arrearages 1911-1912	\$10,729.32
"Paid additional account arrearages 1913	\$12,678.04"

Additional Payments

It must be borne in mind that these additional payments, aggregating \$23,497.36, were made after settlements had been made with the sheriff-assessor on the basis of the sworn quarterly reports and this large amount represents bullion tax that the said company had withheld from Nye county, and it is therefore not unreasonable to believe that other and larger sums have been withheld, especially so in view of the fact that the published annual report of said company to its own stockholders is proof that the company's profits actually were as shown above and not as shown by the sworn quarterly reports to the sheriff-assessor.

Returns by Belmont

An examination and investigation of the bullion tax of the Tonopah Belmont Development Company conducted along the same lines as the investigation of the Tonopah Mining Company of Nevada, shows this company has underpaid their legal amount of bullion tax during the years 1909 to 1915 inclusive, in the aggregate amount of \$119,594.81; that

That the court instruct the district attorney to take steps to bring about the prompt collection of all arrearages shown by the report.

That legal assistance be employed to prosecute the said matter to a successful and final end.

That if it is necessary to begin legal action for the collection of the bullion tax arrearages that an audit of the books of the mining companies affected be made by the accountants employed by the grand jury, which expresses the belief that a much greater deficiency than this report will be revealed.

In this connection the Bonanza feels it imperative to reproduce the correspondence that led up to the investigation. This correspondence was initiated by J. G. Crumley, one of the largest taxpayers of the county, who put the matter up directly to J. A. Sanders, then district attorney and now associate justice of the supreme court of Nevada. Mr. Sanders refused to act. The succeeding grand jury of which he was legal adviser took no action on the complaint and the election was tied over without any disclosures that would hurt the district attorney, who was a candidate for the supreme court. After the election a new grand jury was empanelled and J. G. Crumley was elected foreman. That gentleman did not assume to act on his own volition, but secured an order from the district court empowering him to employ expert accountants for the purpose of examining the books of all county officials with special instructions to begin with the office of sheriff and ex-officio assessor that the question of the bullion tax might be settled once and for all. The findings of the experts are given in the following report:

after the bullion tax settlements had been made by the Tonopah Belmont Development Company for the years 1912 and 1913, the Tonopah Belmont Development Company made additional payments as follows:

December 31, 1913,	additional paid for 1912	\$ 7,888.65
December 31, 1913,	additional paid for 1913	10,357.39
We found that on July 23, 1914, that the said company made another additional payment for 1913 in the amount of		920.84

Making a total additional paid on account of years as shown

as shown

Paid After Pressure

Of course, it is needless to say that these large additional sums were paid voluntarily, but only after pressure had been brought or legal action taken, therefore it is not unreasonable to think that this company has withheld other large additional sums, and especially so when an analysis and recast of the published annual report to stockholders of said company proves such to be a fact.

While it is true that the aggregate of the four quarterly reports made each year covers the calendar year's operations and the published annual reports to stockholders issued by the above companies cover the operations of their fiscal years which end on February 28, yet, taken as a whole, extending over a number of years as is the case in this instance from 1909 to 1916, the comparison for this purpose is fair, and while not absolutely accurate it cannot possibly be very far off in the aggregate, and if the published annual reports to stockholders had shown in sufficient detail the elements making up the various items of expense, we are quite sure that other deductions that would not be allowable under the law would make the net yield taxable and the amount of tax arrearages, considerably in excess of the amounts shown.

Deductions Allowed

The glaring discrepancies can be accounted for as follows:

The bullion tax law permits deductions from the gross yield of a mine for the following items of expense:

- (1) Actual cost of extraction.
 - (2) Actual cost of transportation to place of reduction or sale.
 - (3) Actual cost of reduction or sale.
- The total of the above three items deducted from the value or gross yield of the mine gives the net yield or value on which taxes are levied. It can readily be seen from this law that only the actual cost of reduction of the ore can be included as a deduc-

tion. The interpretation of this part of the bullion tax law by the Nevada Tax Commission, by resolution adopted on April 6, 1915, wherein they describe the meaning of the word REDUCTION in computing bullion tax, is as follows:

Cost of Reduction

Where the mine products are treated in reduction works owned or controlled directly or indirectly by the mining company, the actual expense of reduction or treatment or sale of the said products.

The plan followed for evading the bullion tax was for a mining company to organize a milling company. The milling company could then charge the mining company grossly excessive rates for reducing or treating their ore and thus earn enormous profits and then pay these profits back to the mining company in the shape of dividends on the milling company's capital stock which was owned entirely by the mining company as above stated. The mining company would then consider these dividends as income from "other than mining operations" and of course thus escape paying bullion tax on these large sums. It can be said without fear of contradiction that the bullion tax law never contemplated such methods and it will be apparent to anyone that such method is absolutely illegal. The resolution of the Nevada Tax Commission above referred to is ample proof of the meaning of said law as interpreted by

(Continued on Page Three)

BUTLER
THEATRE

TONIGHT

MARY PICKFORD
"HULDA FROM HOLLAND"
Quaint and Charming Photoplay
—And—
Burton Holmes Travels
"On the Lower Nile"

Tomorrow

CHARLES
CHAPLIN

In 5-reel Revue

Matinee, 1:30; Night, 7 and 9:30
Admission 10-15c